



A company of Allianz 

May 21, 2012

SENT VIA EMAIL (mobrien@erscorp.us) AND REGULAR MAIL

Mark O'Brien
Environmental Risk Services Corporation
1600 Riviera Avenue, Suite 310
Walnut Creek, CA 94596

Named Insured: City of Benicia ("Benicia")
Claim No.: 10512148335
Site: Former Benicia Arsenal, Benicia, CA
Claimant/Suit: CA Department of Toxic Substances Control
("DTSC")

Dear Mr. O'Brien:

This correspondence serves to acknowledge receipt of your letter of May 1, 2012 wherein you provided notice of a claim on behalf of Benicia to Chicago Insurance Company, one of the Fireman's Fund Insurance Companies in regards to the above matter under policies 155-C-09361, 55C-2052906 and 28—U-032415. Please note that we are handling this matter on behalf of the Fireman's Fund Insurance Company, Interstate Fire & Casualty Company and Chicago Insurance Company (referred to herein as "Fireman's Fund"). Please kindly send future communications regarding this matter to my attention and be sure to reference the above-captioned claim number.

This correspondence also serves to memorialize our telephone conversations of May 14th and May 21st, 2012.

Upon receipt of your May 1, 2012 correspondence, we initiated a search for copies of the above-referenced policies, as well as any additional policies that may have been issued to Benicia by Fireman's Fund. As a result of that search, we located information on the following policies issued to Benicia:

<u>Policy No.</u>	<u>Type</u>	<u>Company</u>	<u>Policy Period</u>	<u>Limits</u>
155-C 09361	Commercial Umbrella Liability Policy	Interstate Fire & Casualty Co.	5/31/78 to 3/3/79	\$5M e/o \$500K CSL

	Commercial Property, Inland Marine and	Fireman's Fund	3/3/84 to 3/3/86	N/A
MXX80005850	Auto			
	General Liability	Chicago Ins. Co.	3/3/84 to 3/3/85	\$300K CSL
280-U-032415				
	Commercial Umbrella Liability Policy	Chicago Ins. Co.	3/3/84 to 3/3/85	\$10M e/o \$300K CSL
55C-2052906				

I have enclosed what pertinent information we were able to locate regarding the above-referenced policies, including the declarations pages and insuring forms. If you have actual copies of these policies, kindly forward them to my attention at your earliest opportunity.

Please note that, per above, we also located information on policy MXX80005850, which only afforded Benicia property coverage, inland marine coverage, and automobile insurance coverage (no general liability coverages). Therefore, it does not appear that this policy would potentially apply to the above-captioned matter. If you disagree, please let me know. I have also enclosed a copy of the declarations page of this policy for your review and records.

Per our May 14, 2012 telephone conversation, I conveyed to you that I had discovered reference to the following nine alleged American Insurance Company policies in a closed claim file involving the City of Benicia and settlement of a claim involving the Acme Landfill in Martinez, CA. According to a schedule of insurance located in that file and apparently previously provided by Benicia (and provided to you via my May 14, 2012 email), the alleged American Insurance Company policies are as follows:

INSURED	COMPANY	POLICY #	PERIOD
City of Benicia	American Ins.	CL3284	3/5/53-54
City of Benicia	American Ins.	CL841795	3/5/54-55
City of Benicia	American Ins.	CL843357	3/5/55-56
City of Benicia	American Ins.	CL183547	3/5/56-57
City of Benicia	American Ins.	CL184753	3/5/57-58
City of Benicia	American Ins.	K 217 64	3/5/58-59
City of Benicia	American Ins.	K 220 30	3/5/59-60
City of Benicia	American Ins.	K 222 18	3/5/60-61
City of Benicia	American Ins.	K 223 54	3/5/61-62

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Our internal search for these alleged American Insurance Company policies did not reveal any information concerning same. Per our May 14, 2012 telephone conversation, you agreed to contact Benicia in order to determine what information, if any, it possesses in regards to these nine alleged American Insurance Company policies. I will await your response.

Based on my review of the information provided with your May 1, 2012 correspondence, there did not appear to be an actual claim or lawsuit against the City by the DTSC or any other entity, but rather simply an invitation to Benicia from the DTSC to participate in one or more meetings concerning the status of the investigation of the Former Benicia Arsenal. In our May 21, 2012 telephone conversation, you clarified the intent of your May 1, 2012 correspondence, in that you are only putting Fireman's Fund on notice of a potential claim at this time, and are not currently seeking a defense or indemnification from Fireman's Fund in regards to the DTSC matter. You are also attempting to gather insurance information on behalf of Benicia in case the DTSC or any other entity asserts an actual claim and/or commences litigation against Benicia in regards to the contamination discovered at the Former Benicia Arsenal. Per above, I have enclosed certain policy information to assist you in this regard.

If the DTSC and/or any other entity asserts an actual claim and/or commences litigation against Benicia, please let me know as soon as possible. Until such a time, I will monitor this notice for any necessary additional response.

In the interim, Fireman's Fund and American Insurance Company reserve all of their rights as to insurance coverage issues that may potentially arise from this matter, including the right to deny coverage entirely in the event that any further investigation indicates that this potential loss is outside the scope of coverage provided under any policies issued to Benicia.

Neither this letter nor any activity or investigation into this matter should be construed to change, waive or modify any of the terms, conditions or provisions of the alleged and/or confirmed policies issued by Fireman's Fund and American Insurance Company to Benicia. The acknowledgment of this matter and any further actions taken in regard to this matter are undertaken subject to a complete reservation of rights under the terms, conditions and provisions of any and all policies issued to Benicia, and in law and equity. No action taken by Fireman's Fund or American Insurance Company shall constitute an admission of liability or coverage under any policies issued to or alleged to have been issued to Benicia and should not be construed as a waiver of any rights or estoppel from asserting any right to disclaim or limit coverage under policies issued to Benicia.

If you have any questions regarding this correspondence, or should you wish to discuss it further, please do not hesitate to contact the undersigned via direct dial at 415.899.2488 or via email at scott.osmus@ffic.com. Otherwise, I will wait to hear back from you regarding any change in the status of this notice and/or any information Benicia may possess in regards to the alleged American Insurance Company policies discussed above.

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Sincerely,

A handwritten signature in black ink, appearing to read "Scott W. Osmus", with a long horizontal flourish extending to the right.

Scott W. Osmus, CPCU
Claims Specialist
Interstate Fire & Casualty Company
Chicago Insurance Company
American Insurance Company
Three of the Fireman's Fund Insurance Companies

Enclosures